
STATE OF INDIANA

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School Property Tax Control Board Meeting Minutes May 17, 2007

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Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, May 17, 2007. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Roger Umbaugh, Robert Harris, Richard Besinger, Debbie Hineline, Joe Bronnert, David Bowen, Chuck Nemeth, Morris Mills and Judy Robertson, acting Administrative Officer.

Minutes and Discussion: Mr. Bronnert introduced the revised March 15, 2007 meeting Minutes. Mr. Bronnert said they looked ok to him. Mr. Besinger motioned to approve the revised March 15th Minutes. Mr. Umbaugh seconded and the motion carried 7-0. Mr. Bronnert introduced the April 19th 2007 Minutes. Mr. Bowen motioned to recommend approval of the April 19th Minutes. Mr. Besinger seconded and the motion carried 7-0. Mr. Mills did not arrive at the meeting until after the motions were approved for the Minutes.

Danville Community School Corporation, Hendricks County: Officials requested approval of a general obligation bond issue in the amount of \$550,000. The total project cost is \$550,000. The term of the bond is 3 years. The tax rate impact is \$0.0256 with no new facility appeal expected. The common construction wage was not applicable because this project does not involve construction. The project does not qualify for a petition and remonstrance process.

Present for the hearing was John McKinney (Superintendent), Robert A. Wood (School Attorney), Tom Grabill (Financial Advisor), Jane Herndon (Bond Counsel with Ice Miller), Kristin McLellan (Bond Counsel), and Scott B? (Bond Counsel).

Project: This project consists of the purchase of two parcels of land, a 13.07 acre tract and a 0.47 acre tract, totaling 13.54 acres. The location of the two parcels is adjacent to the school campus in Danville. The school campus consists of South Elementary School, the new 5/6-7/8 building (currently under construction), the high school, the maintenance and transportation center, and the administration building. The new 5/6-7/8 building is located on the west side of South Elementary School and this land is adjacent to South Elementary on the east side.

Comments: Mr. McKinney began by stating that the general obligation bonds were for the purpose of purchasing real estate. They want to purchase the property contingent with the current school property, approximately thirteen acres. It is a good investment for the future.

Mr. Bowen asked if they had done any soil testing. Mr. McKinney said they had not done that yet but it would be done when and if they decide to build on the property. Mr. Besinger asked if there were drainage problems to fix or other large expenses needed to prepare the site. Mr. McKinney stated the there is approximately 1,000 feet that will need work, but nothing major.

Mr. Bowen asked what the schedule for building is. Mr. McKinney said they have nothing planned right now. The property will be held for future use. The opportunity arose now and they are taking that opportunity.

Mr. Bronnert asked how many elementary schools they currently have. Mr. McKinney said they have two including a new 5/6 & 7/8 grade building.

Motion: Mr. Besinger made a motion to approve the issuance of bonds in the amount of \$550,000 with a term of 3 years. Ms. Mills seconded and the motion carried by a vote of 8-0.

Crown Point Community School Corporation, Lake County: Officials request approval of a lease rental agreement with maximum annual payments of \$4,100,000 for a term of 22 years. Total project costs are \$45,000,000. The tax rate impact is \$0.1791 with a new facility rate impact of \$0.0200 expected. The common construction wage scale was passed with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to Crown Point High School is 14.96% below the DLGF threshold. The total project cost per square foot of the addition to Eisenhower Elementary is 7.18% below the DLGF threshold.

Present for the hearing was Dr. Teresa A. Eineman (Superintendent), Matt Ruess (Chief Financial Officer), Thomas Peterson (Bond Counsel with Ice Miller), James Elizondo (City Securities), Harry Koenes (The Skillman Corp.), Eric Anderson (ATS& R), Michael Schipp (Fanning/Howey), David M. Maroney (ATS & R), Scott V. Cherry (The Skillman Corp.), R. Bradley Moss (Bank of New York), Teresa Hemmerle (Bank of New York), and Kim Wilson (Bank of New York).

Project: This project will consist of renovations to five Crown Point elementary schools, an addition and renovation to Eisenhower Elementary School, and an addition, renovation, and new athletic fields at the high school. The existing Eisenhower Elementary School is a 2-section, K-6 elementary school with 14 instructional classrooms and a capacity for approximately 300 students. The expansion and remodel create a 5-section facility with a total of 34 instructional spaces and a capacity for approximately 600 students, which would align the New Eisenhower Elementary School with the other elementary schools in both size and resources. The preliminary building plans are as follows:

1. Relocation of the administration area from an interior space to be placed adjacent to the entry for both control and security
2. Relocation and expansion of the media center to the center of the building
3. Expansion of the cafeteria and food service to accommodate the increased enrollment
4. Expansion of the gymnasium to accommodate the increased enrollment
5. Introduction of a stage between the gymnasium and the cafeteria
6. Introduction of bleachers into the expanded gymnasium
7. Introduction of an art classroom (currently shared space with the cafeteria)
8. Introduction of a music classroom (currently instructed in a storage room)
9. Introduction of a science/project room with access to the exterior
10. Introduction of a computer lab
11. Introduction of additional kindergarten classrooms to correspond to a 5-section school
12. Expansion of the special needs programs

The other 5 Crown Point elementary schools (Lake Street, MacArthur, Solon Robinson, Timothy Ball, and Winfield) all shall have similar remodeling/equipment replacements, which have been broken into the following categories:

1. Mechanical - The majority of the Scope of Work is replacement of outdated and poor performing mechanical equipment (heating, ventilation, and cooling). All of the existing equipment is original. This Scope of Work includes new heating, ventilation, and air

- conditioning, with associated work to bring the new systems into compliance with current building codes. In addition, the new equipment shall be high-performing and energy efficient.
2. Security and Safety - The intent is to bring all Crown Point Community Schools to consistency throughout the District in providing a safe environment for both instruction and working.
 3. Finishes and Equipment - All of the existing equipment is original, while the finishes are worn, outdated, damaged, etc., and in need of replacement. The intent is to bring uniformity and consistency throughout the District elementary schools.
 4. Educational - Currently, there are no means to provide group instruction via overhead delivery method. Thus, new overhead projectors and electrical screens will be installed.
 5. Maintenance and Miscellaneous Work - As a result of the Project Team/Owner building tours and investigations, there are outstanding maintenance items that are intended to be resolved and protect existing building assets.

It should be noted that no new square footage would be introduced at these 5 elementary schools. As of May 4, 2007 a detailed project description for the high school portion of this project had not been provided.

Comments: Dr. Eineman began by sharing a tremendous success story that is the Crown Point School Corporation. This project is an exhale moment. They are taking time to renovate the existing school buildings instead of building a new one this time. They are in the process of tracking thirty new sub-divisions in the school district. Part two of the project is to double the size of one elementary school. The general fund price per student is \$2534 at all of the elementary schools except for Eisenhower and that price is over \$3,000, which shows that this school is inefficient by over \$600 per student. The goal is to improve technology, security, and safety issues during the renovation. There has been rapid growth with no long-range plans in place. Her first goal as the new Superintendent in April 2006 was to establish a ten-year long-range plan. Her first edict was to have a fully staffed cabinet. She is very visionary and transparent with data. They have been to civic group meetings, community meetings, and governmental groups with their traveling road show in order to present to as many people as they could their plans. They received a large amount of media coverage in the process. By far, they have had tremendous support of the ten-year long-range plan, but with a healthy amount of skepticism. The people present at the 1028 meeting gave their support as well; no one spoke against this project. They have made an effort to bring in all the stake holders for input into the project.

Mr. Ruess wanted to highlight a couple of financing points. The level of debt was very important to all those who worked on this project. The level was kept as low as possible while still having the funds necessary to complete the project. Mr. Besinger wanted to know what the total debt is as it relates to an almost 19% debt ratio. If they were to build a new school, how would that effect the debt ratio? Mr. Ruess stated that it would depend on when and what type of school was being built. That would need to be determined and analyzed in the future as necessary. They are working on leveling the debt and keeping it level. They have a couple of bond issues that are extremely back loaded and that would need to be taken into account also.

Mr. Bowen said the architectural sheet referenced in the hearing information sheet was not attached. He wanted to know the capacity of the elementary schools. Dr. Eineman stated that they had to re-district the schools and so all the other elementary schools were above capacity.

Once Eisenhower Elementary is renovated and the size doubled, then those redistricted students would be brought back. Then all the schools would have a comparable capacity.

Mr. Mills asked what the trend in the assessed value is. Mr. Ruess said that it is maintaining at about the same level, even though the school population is increasing. Dr. Eineman further stated that it is a controlled growth with steady increases.

Mr. Umbaugh said that he had not received the interest information or construction earnings and wanted to know what that information was. Mr. Peterson said that the capitalized interest of \$835,000 was not shown on the amortization schedule. The schedule they received is the net amount.

Mr. Bronnert asked when they expected to be back for approval to build a new school. Mr. Ruess stated that it could be as early as 2008 for an open date of 2011. If they go to full-day kindergarten, then they could be back later this year for an open date of 2010. Mr. Bronnert also wanted to know if their intent was to keep the debt rate at seventy cents. Mr. Ruess said they were looking at the total rate, not just the debt rate. If the General Fund needed to increase, then they would look at the debt rate for that increase. Mr. Bronnert asked if they had taken into account the circuit breaker impact. Mr. Ruess said there was very little impact on the school district. The impact last year was only about \$40,000.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments not to exceed \$4,100,000 for a term of 22 years. Ms. Hineline seconded and the motion carried 8-0.

Taylor Community School Corporation, Howard County: Officials will review their recently negotiated and tentatively approved Master Agreement (Teacher Contract) for the 2007-2008 and 2008-2009 school years. On December 11, 2006 the Department of Local Government Finance granted modified approval in the form of an excessive levy appeal for Taylor Community School Corporation, Howard County, for emergency financial relief in the amount of \$425,000 per year during 2006 pay 2007 and 2007 pay 2008 in the form of an additional property tax levy. As a condition of being a controlled school corporation, Taylor Community School Corporation must receive approval from the School Property Tax Control Board for all claims for payment in excess of \$10,000.

Present for the Hearing was Ron Mayes (Superintendent), Brandon Cloud (Teacher Association), Debbie Lewis (Teacher Association), Deborah Barton (Treasurer), and Scott Maple (School Board President).

Comments: Mr. Bronnert asked Mr. Harris to speak about what a controlled school means and the part of the Control Board in the process.

Mr. Mayes began the discussion by stating that they are dealing with a lack of funding coupled with excess spending. The major issue facing them is the teacher contract. The previous contracts were costing them funds that they did not have, and some of which could be eliminated. As reality set in, not only for the administration, but also for the teachers, everyone

realized that they were spiraling out of control. Mr. Mayes spoke in detail about the steps they took to cut back spending with the current teacher contract and the staffing changes that were made. They have a new working relationship with the Teacher Association – one that is very amiable and willing to work with them. There were better feelings toward each other between all concerned. This time, there was less conflict in arriving at the new contract. The other major issue that was worked on and is resolved for now is the student cap per class. The Administration feels like the previous and current contracts have been hugely successful. Basically, they are here today for approval of the contract so that they can move on.

Mr. Besinger commended every one involved on a good job in bringing the school back to a good financial standing. Mr. Bowen said he was confused on their part. He did not think they could actually approve the contract and that all the school needed was to report back to them on their progress. Mr. Harris agreed that they could not approve the contract.

Mr. Besinger asked if they had considered buying out older teachers. Mr. Mayes said they have already taken that measure and extended that one-time buy-out for another year. Mr. Mills asked if he thought class sizes would increase with the beginning of full-day kindergarten. Mr. Mayes stated that no, he did not think so. If they did increase, it would only be by one or two students. Mr. Mills asked if Mr. Mayes was hopeful for the future considering the different economic market in Kokomo. Mr. Mayes said he was very hopeful for the future. The 31 by-pass by-pass is almost a certainty. The School Board is convinced that this contract is a permanent solution. They have changed vague language and the way they negotiate. Vague language was eliminated and the contract is much simpler.

Mr. Besinger stated that he was satisfied that the school had taken the responsibility to balance their budget. Mr. Nemeth asked Mr. Mayes if all the problems had been solved. Mr. Mayes replied that the budget was based on a lot of guesswork in the future. They have attempted to normalize the contract. The property taxes and funding will still be tight, so they will need to continuously analyze funding and the contract. Recent projections tend to favor Taylor. It will be tight for a few more years, but they are confident they can recover.

Mr. Bronnert asked if student enrollment was increasing, decreasing, or remaining stable. Mr. Mayes responded by saying they were down 56 students this year. The last several years before, enrollment was stable. No one has been able to determine the reason for the decrease or if that is an on-going trend.

Motion: Mr. Besinger motioned to approve that the School has made changes and taken the responsibility to balance their budget. They have fulfilled the recommendations from the Commissioner. Mr. Mills seconded. Mr. Nemeth asked if they had that ability since they have not seen their budget or know that it is balanced. Mr. Harris re-stated the motion to say that they have met the requirements to come before this Board for approval of expenses over \$10,000. Mr. Besinger seconded and the motion carried 8-0.